

## Pension Actions Taken by the 2015 Maryland General Assembly

Recent news accounts have left many with the mistaken impression that the pension fund had been “raided” by the General Assembly during the recently-completed session. This is not the case. The confusion apparently stems from the Legislature’s decision to reduce supplemental funding to the pension system from the Governor’s proposed \$150 million to \$75 million. Again, this is supplemental funding over and above the state’s required \$1.8 billion contribution to the fund that was approved for fiscal year 2016.

A reduction in supplemental funding does not equate to a raid on the fund. In fact, the Legislature cannot “dip into” the \$45 billion fund for any reason. The law doesn’t allow pension funds to be used for any other purpose but for the benefit of its members. The Legislature did pass a “sweeper amendment” to the budget bill that allows for an additional contribution—beginning in fiscal year 2017—up to \$50 million to the pension fund if the state ends the year with a large enough budget surplus.

Also, due to action taken by the General Assembly this session, the pension fund will be returned to full actuarial funding, beginning in fiscal year 2017—seven years earlier than previously planned, thus ending a 12-year funding policy the System’s Board of Trustees has long opposed and sought to change. The implementation of this long stated goal of the Board of Trustees bodes well for the sustainability of the pension fund.